

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 3507 – HB 3832

March 7, 2012

SUMMARY OF BILL: Increases, from \$15 to \$30, the minimum penalty due when a tax return or report due the Department of Revenue (DOR) is delinquent, regardless of the amount of tax owed or whether there is any tax owed.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$987,700

Assumptions:

- According to DOR, the Department assessed penalties of less than \$30 on 89,056 returns for tax year 2010. The number of assessed penalties is assumed to remain constant in subsequent years.
- Actual penalty collections for tax year 2010 were \$1,324,645.
- Under this bill, assessed penalties are estimated to be \$2,671,680 (89,056 returns x \$30 penalty).
- DOR indicates based on historical data that 13.45 percent of penalties are uncollectible.
- Total collections for assessed penalties are estimated to be \$2,312,339 [\$2,671,680 x (100.00% - 13.45%)].
- The recurring increase in state revenue from assessed penalties is estimated to be \$987,694 (\$2,312,339 - \$1,324,645).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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